



Chronic underinvestment in clean energy putting millions at risk as they continue to be left behind in energy transition

The world is neglecting investment in electricity and clean cooking access despite COVID-19 highlighting the critical need for energy access to protect the most vulnerable and save lives

Fossil fuel financing increased substantially in 2018 while grid-connected renewables financing decreased, despite urgent need for action and large pledges made since the Paris Climate Agreement

Vienna, November 19, 2020: With less than a decade to meet global energy goals, new research from [Sustainable Energy for All \(SEforALL\)](#) shows that energy access finance continues to be significantly off-track to meet 2030 targets.

This year's [Energizing Finance research series](#) – produced in partnership with **Climate Policy Initiative** and **South Pole** – reveals that, yet again, finance levels for electricity and clean cooking remain far below the investment required to achieve Sustainable Development Goal 7 – access to affordable, reliable, sustainable and modern energy for all. The shortage has reached acute levels in many of the 20 High Impact Countries across Africa and Asia with the largest access gaps that the reports track using the latest available data from 2018.

Energizing Finance also notes that achieving SDG7 will be impossible without speeding up the disbursement of energy finance commitments. Huge amounts of planned investment and funding support continue to be delayed or face multiple barriers, limiting impact on the ground and depriving vulnerable populations of energy access.

An estimated annual investment of USD 41 billion is needed to achieve universal residential electrification, but only one-third of this – just USD 16 billion in commitments – was tracked by Energizing Finance. Further, despite the clear need and opportunity of decentralized renewable energy to reach the majority of those without access, finance commitments for renewable energy based mini-grids and off-grid energy systems remain far short of necessary levels, attracting less than 1-1.5% of the total finance for electricity tracked.

There is also a woeful lack of volume, innovation and diversity in clean cooking finance. Finance for clean cooking to replace harmful energy sources tripled from USD 48 million in 2017 to USD 131 million in 2018. However, while this growth is an important step forward, it remains just a fraction of the estimated annual USD 4.5 billion required to achieve universal clean cooking access by 2030.

As global calls for urgent, ambitious action to deal with the climate emergency increase, *Energizing Finance* also found a significant increase in fossil fuel finance commitments in 2018, accounting for the largest portion of electricity finance flows for the first time in at least six years. This risks locking countries into decades of high carbon emissions, import dependency and depreciating or stranded assets, posing fiscal, economic and environmental risks for developing countries.

In contrast, data shows that finance for grid-connected renewables during the same period declined for the first time since 2013. Now, the COVID-19 pandemic has presented a once-in-a-generation opportunity for countries to ['Recover Better'](#) by investing in renewable energy.

Based on this data, dire lack of progress and reoccurring disbursement delays, SEforALL estimates that the world will be delayed by decades in meeting SDG7.

“As we deal with the ongoing challenges of COVID-19, and the ever growing impacts of climate change, the need for modern, sustainable energy access has never been more important. Yet *Energizing Finance* shows a chronic lack of investment in electricity and clean cooking for those that need it most. The little finance that is committed is not being disbursed fast enough, stalling energy access projects that will improve people’s lives and grow

economies”, said **Damilola Ogunbiyi, CEO and Special Representative of the UN Secretary-General for Sustainable Energy for All and Co-Chair of UN-Energy.**

“More worryingly, ahead of a pivotal COP26, fossil fuel commitments have increased, risking profound climate impacts. Countries must seize this moment to recover better from COVID-19 and move away from the energy systems of the past and invest in the renewable energy systems of the future to accelerate access and underpin economic growth. We need sustainable energy for all, and we need it now.”

Energizing Finance recommendations focus on calling for; **urgent, coordinated action from development finance institutions and donors** to increase the share of energy access finance commitments in countries that face chronic underinvestment, a rapid **increase in targeted funding and policy support from governments to accelerate clean cooking access** and an **end to financing fossil fuel projects as a mean to close the energy-access gap** and align with the Paris Agreement on climate goals.

Energy access remains a central component to achieving an energy transition in line with climate goals. **Dr. Barbara Buchner, Global Managing Director at Climate Policy Initiative (CPI)** who partnered with SEforALL on [Energizing Finance: Understanding the Landscape 2020](#), said: “Year after year, the numbers are showing that we will miss SDG7 targets unless we dramatically increase finance for electricity and clean cooking. We are in the midst of a climate emergency, and it is now more important than ever that finance is Paris-aligned and committed to clean technologies, including mini-grids and off-grid solutions, to expand energy access to those that need it most.”

Yet finance can only have an impact on the ground if it is disbursed, and disbursed quickly, something that South Pole tracked in [Energizing Finance: Missing the Mark 2020](#). “It is difficult enough to mobilize financing on the scale needed to provide energy access for all by 2030. But the real tragedy that we see unfolding in these poor countries is that only a fraction of the funds that have been committed are actually disbursed. Why is that? On the one hand, the available financial instruments do not match the risk profiles of renewable energy deals we see in these countries. On the other hand, weak institutions, unfavourable feed-in tariffs, and lack of local capacity hamper the bankability of such deals”, said **Renat Heuberger, CEO of South Pole.**

“It is key then, that governments, donors and project owners all take a critical look at why exactly this mismatch occurs and make immediate changes towards investment-readiness so that funding is provided to ensure access to safe, reliable and sustainable energy for all.”

Now in its fourth year of publication, the *Energizing Finance* research series – which this year features two reports, *Energizing Finance: Understanding the Landscape* and *Energizing Finance: Missing the Mark* – tracks finance commitments from 2018 and disbursements over the 2013-2018 period for 20 Sub-Saharan African and Asian countries. More details on the data sets are available in the [full reports here](#).

The *Energizing Finance* data will be used to support the United Nations High-Level Dialogue on Energy, set to take place in September 2021. Finance will be a critical element of the dialogue – held just ahead of COP26 in Glasgow – to spur rapid, significant progress toward universal energy access.

To find out more about *Energizing Finance*, and to read this year’s reports in full, visit the [SEforALL website](#).

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NOTES TO EDITORS

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About Sustainable Energy for All

Sustainable Energy for All (SEforALL) is an international organization that works in partnership with the United Nations and leaders in government, the private sector, financial institutions, civil society and philanthropies to drive faster action towards the achievement of Sustainable Development Goal 7 (SDG7) – access to affordable, reliable, sustainable and modern energy for all by 2030 – in line with the Paris Agreement on climate. SEforALL

works to ensure a clean energy transition that leaves no one behind and brings new opportunities for everyone to fulfill their potential.

SEforALL is led by [Damilola Ogunbiyi](#), CEO and Special Representative of the UN Secretary-General for Sustainable Energy for All and Co-Chair of UN-Energy. Follow her on Twitter [@DamilolaSDG7](#).

For more information, visit [SEforALL.org](#) and follow [@SEforALLorg](#)

About CPI

CPI is an analysis and advisory organization with deep expertise in finance and policy. Our mission is to help governments, businesses, and financial institutions drive economic growth while addressing climate change. CPI has six offices around the world in Brazil, India, Indonesia, Kenya, the United Kingdom, and the United States.

For more information, visit [climatepolicyinitiative.org](#) and follow [@ClimatePolicy](#)

About South Pole

South Pole is a leading project developer and provider of global climate solutions, with over 350 experts in 17 offices worldwide. South Pole helps companies, capital markets, and governments reduce their impact on the climate while mitigating risk and creating value.

As a science-based company, its expertise covers project finance, data collection, and climate risk analysis, as well as the development of environmental commodities, like carbon and renewable energy credits. South Pole has mobilised climate finance to over 700 projects that reduce greenhouse gas emissions in areas such as renewable energy, energy efficiency and sustainable land use.

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